United Nations A/54/685/Add.1

General Assembly

Distr.: General
5 April 2000
Original: English

Fifty-fourth session
Agenda item 125

Scale of assessments for the apportionment of the expenses of the United Nations

Report of the Fifth Committee

Rapporteur: Mr. Jan Piotr **Jaremczuk** (Poland)

I. Introduction

1. The previous recommendations made by the Fifth Committee to the General Assembly under agenda item 125 appear in the report of the Committee contained in document A/54/685.

2. The Fifth Committee resumed its consideration of the item at its 58th meeting, on 31 March 2000. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary record (A/C.5/54/SR.58).

3. For its further consideration of the item, the Committee had before it a letter dated 24 January 2000 from the Permanent Representatives of Bosnia and Herzegovina, Croatia, Slovenia and the former Yugoslav Republic of Macedonia to the United Nations addressed to the President of the General Assembly (A/54/725).

II. Consideration of draft resolution A/C.5/54/L.54

4. At the 58th meeting, on 31 March, the representative of Ireland, and coordinator of informal consultations on this item, on behalf of the Chairman, introduced a draft resolution entitled "Scale of assessments for the apportionment of the expenses of the United Nations" (A/C.5/54/L.54) and orally revised it as follows:

(a) In the second preambular paragraph, the square brackets around "paragraph 1 of" were removed;

00-37939 (E) 060400

(b) In operative paragraph 4, the number "12" was inserted before the word "proposals";

(c) In subparagraphs 4 (b) to (m), names of countries and groups of countries were deleted;

(d) Subparagraph 4 (d), which read:

"(d) A proposal to include the following elements and criteria:

"(i) Estimates of gross national product;

"(ii) A statistical base period of six years;

"(iii) Conversion rates as recommended by the Committee on Contributions, and as earlier spelled out in General Assembly resolution 46/221 B of 20 December 1991;

"(iv) A debt burden adjustment based on the total debt stock;

"(v) A low per capita income adjustment with a threshold per capita income limit of the average world per capita income for the statistical base period, and a gradient of 80 per cent without discrimination among Member States;

"(vi) A minimum assessment rate of 0.001 per cent and no ceiling;

"(vii)A maximum assessment rate for the least developed countries not to exceed the current level of 0.01 per cent;"

(e) In new subparagraph 4 (h), the words "in subparagraphs (i) to (viii) and a response to subparagraph (ix)" were added after the word "criteria";

(f) A subparagraph (ix) was added to subparagraph 4 (h), reading:

"(ix) To examine the long-term implications of the present criteria for determining the threshold of the low per capita income adjustment, and to recommend to the General Assembly, at its fifty-fifth session, possible alternatives with a view to maintaining in the long run the overall benefit for all developing countries and to avoiding the continuous exclusion of middle-income developing countries from the benefit of the adjustment";

(g) The square brackets around operative paragraph 5 were removed;

(h) The square brackets around subparagraph 6 (c) were removed and the text following the words "fifty-fifth session", which read:

"including:

"(i) Maintaining in the long run the overall level of benefit for all developing countries;

"(ii) Avoiding the continuous exclusion of middle-income developing countries from the benefit of the adjustment;

"(iii) Assessing whether any adjustment is warranted",

was deleted;

(i) Operative paragraph 7, which read:

"7. [*Requests* the Committee on Contributions to continue its consideration of systematic criteria and approaches to deciding when market exchange rates should be replaced with a view to using sparingly price-adjusted rates of exchange in cases of excessive fluctuations and distortions, and using official exchange rates where Member States have fixed their exchange rates to the United States dollar or to another convertible currency]",

was replaced by:

"7. *Welcomes* the agreement of the Committee on Contributions to consider more systematic criteria and approaches to deciding when market exchange rates should be replaced for the purposes of preparing the scale of assessments, and looks forward to further reports".

5. At the same meeting, the representative of Portugal, on behalf of the States Members of the United Nations that are members of the European Union, drew the attention of the Committee to the following minor amendments, which, in the understanding of the European Union, were also to be made to the text read out by the coordinator of informal consultations:

(a) In new subparagraph 4 (h) (ix), the words "to the General Assembly at its fifty-fifth session" were to be deleted;

(b) In subparagraph 6 (c), the words "to recommend possible alternatives" were to be replaced by the words "to report on possible alternatives".

6. After a suspension of the meeting, the representative of Ireland and coordinator of informal consultations on this item, and the representative of Nigeria, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, confirmed that the amendments read out by the representative of Portugal on behalf of the European Union were correct.

7. At the same meeting, the Committee adopted draft resolution A/C.5/54/L.54, as orally revised and amended, without a vote (see para. 9).

8. Following the adoption of the draft resolution, statements in explanation of position were made by the representatives of Portugal (on behalf of the States Members of the United Nations that are members of the European Union), the Russian Federation, the United States of America, Nigeria (on behalf of the States Members of the United Nations that are members of the Group of 77 and China) and Belarus.

III. Recommendation of the Fifth Committee

9. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

Scale of assessments for the apportionment of the expenses of the United Nations

I

The General Assembly,

Recalling its previous resolutions and decisions on the scale of assessments, in particular resolution 52/215 A of 22 December 1997,

Recalling also paragraph 1 of its resolution 48/223 C of 23 December 1993,

Having considered the reports of the Committee on Contributions,

Reaffirming Article 17 of the Charter of the United Nations and rule 160 of its rules of procedure,

1. *Reaffirms* the obligation of all Member States to bear the expenses of the United Nations, as apportioned by the General Assembly, in conformity with Article 17 of the Charter of the United Nations;

2. *Reaffirms also* the fundamental principle that the expenses of the Organization should be apportioned among Member States broadly according to capacity to pay, as established in rule 160 of its rules of procedure;

3. *Requests* the Secretary-General to ensure that Permanent Missions are furnished in good time with copies of the national accounts questionnaire to enable them to make appropriate follow-up;

4. *Requests* the Committee on Contributions to submit to the General Assembly at its fifty-fifth session 12 proposals for a scale of assessments for the period 2001-2003 as follows:

(a) A proposal based on the methodology used in preparing the scale of assessments for 2000, including the phasing out of the scheme of limits in accordance with the provisions of General Assembly resolutions 48/223 B and 52/215 A;

* * *

(b) A proposal to include the following elements and criteria:

(i) Data on gross national product;

(ii) A statistical base period of six years;

(iii) Conversion rates based on market exchange rates, except where that would cause excessive fluctuations and distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates should be employed, taking due account of General Assembly resolution 46/221 B of 20 December 1991;

(iv) A debt burden adjustment based on total debt stock;

(v) A low per capita income adjustment with a threshold per capita income limit of the average world per capita income for the statistical base period and a sliding gradient;

(vi) Redistribution of the adjustment to all Member States, consistent with the practice before 1979;

(vii) A minimum assessment rate of 0.001 per cent;

(viii) A maximum assessment rate of 25 per cent;

(ix) A maximum assessment rate for the least developed countries of 0.01 per cent;

* * *

(c) A proposal to include the following elements and criteria:

(i) Estimates of gross national product;

(ii) A statistical base period of six years;

(iii) Conversion rates as recommended by the Committee on Contributions, and as earlier spelled out in General Assembly resolution 46/221 B;

(iv) A debt burden adjustment based on the total debt stock;

(v) A low per capita income adjustment with a per capita income limit of the World Bank's current threshold for high-income countries (9,361 United States dollars), and a gradient of 80 per cent;

(vi) A minimum assessment rate of 0.001 per cent;

(vii) A ceiling rate of 25 per cent;

(viii) Individual rates of assessment for the least developed countries not to exceed the current level of 0.01 per cent;

(d) A proposal to include the following elements and criteria:

(i) Gross national product as the base;

(ii) Three-year statistical base period with automatic annual recalculation;

(iii) Debt burden adjustment based on actual principal repayments (debt flow);

(iv) Conversion rates based on market exchange rates, except where that would cause excessive fluctuations and distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates should be employed, taking due account of General Assembly resolution 46/221 B;

(v) A two-tiered gradient for relief of Member states with a low per capita income; a gradient of 80 per cent for least developed countries and a gradient of 70 per cent for other Member States with a per capita income below the world average;

(vi) To address discontinuity, a phase-in mechanism, that is divided equally over the 2001-2003 period, for the redistribution of points received from the low per capita income adjustment for Member States that cross the threshold from one scale period to the next (example: all other things being equal, if a Member State's assessment was 1.000 per cent when it was below the threshold, in the next scale period it would increase to

1.067 per cent, 1.134 per cent and 1.200 per cent over three years instead of going directly to 1.200);

(vii) Minimum assessment rate of 0.001 per cent and a maximum rate for the least developed countries of 0.01 per cent;

(viii) A ceiling of 25 per cent;

* * *

(e) A proposal to include the following elements and criteria:

(i) Gross national product as the base;

(ii) Three-year statistical base period with automatic annual recalculation;

(iii) Debt burden adjustment based on actual principal repayments (debt flow);

(iv) A two-tiered gradient for relief of Member States with a low per capita income; a gradient of 80 per cent for least developed countries and a gradient of 70 per cent for other Member States with a per capita income below the world average;

(v) Conversion rates based on market exchange rates, except where that would cause excessive fluctuations and distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates should be employed, taking due account of General Assembly resolution 46/221 B;

(vi) To address discontinuity, a phase-in mechanism, that is divided equally over the 2001-2003 period, for the redistribution of points received from the low per capita income adjustment for Member States that cross the threshold from one scale period to the next (example: all other things being equal, if a Member State's assessment was 1.000 per cent when it was below the threshold, in the next scale period it would increase to 1.067 per cent, 1.134 per cent and 1.200 per cent over three years instead of going directly to 1.200);

(vii) Minimum assessment rate of 0.001 per cent and a maximum rate for the least developed countries of 0.01 per cent;

(viii) A ceiling of 20 per cent;

* * *

(f) A proposal to include the following elements and criteria:

(i) Estimates of gross national product;

(ii) A statistical base period of six years;

(iii) Conversion rates as recommended by the Committee on Contributions, and as earlier spelled out in General Assembly resolution 46/221 B;

(iv) A debt burden adjustment based on the total debt stock;

(v) A low per capita income adjustment with a threshold per capita income limit of the average world per capita income for the statistical base

period, and a gradient of 80 per cent without discrimination among Member States;

(vi) A minimum assessment rate of 0.001 per cent and no ceiling;

(vii) A maximum assessment rate for the least developed countries not to exceed the current level of 0.01 per cent;

(viii) To limit to 25 per cent, for developing countries previously benefiting from its application, the effect of the end of the scheme of limits on an annual basis for the first four years of the post-transition period;

* * *

(g) A proposal to include the following elements and criteria:

(i) Use of gross national product data as a first approximation of capacity to pay;

(ii) A statistical base period of three years, with automatic annual recalculation;

(iii) Conversion rates based on market exchange rates, except where that would cause excessive fluctuations and distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates should be employed, taking due account of General Assembly resolution 46/221 B;

(iv) No debt burden adjustments;

(v) A low per capita income adjustment with a threshold per capita income limit of the average world per capita income for the statistical base period, and a gradient of 75 per cent;

(vi) A minimum assessment rate of 0.001 per cent;

(vii) A maximum assessment rate of 25 per cent;

(viii) A maximum assessment rate for the least developed countries of 0.01 per cent;

(ix) No scheme of limits;

* * *

(h) A proposal to include the elements and criteria in subparagraphs (i) to (viii) and a response to subparagraph (ix):

(i) Estimates of gross national product;

(ii) A statistical base period of six years;

(iii) Conversion rates as recommended by the Committee on Contributions, and as earlier spelled out in General Assembly resolution 46/221 B;

(iv) A debt burden adjustment based on the total debt stock;

(v) A low per capita income adjustment with a threshold per capita income limit of the average world per capita income for the statistical base period, and a gradient of 80 per cent;

(vi) A minimum assessment rate of 0.001 per cent and a maximum assessment rate of 25 per cent;

(vii) A maximum assessment rate for the least developed countries not to exceed the current level of 0.01 per cent;

(viii) To limit to 25 per cent, for developing countries previously benefiting from its application, the effect of the end of the scheme of limits on an annual basis for the first four years of the post-transition period;

(ix) To examine the long-term implications of the present criteria for determining the threshold of the low per capita income adjustment, and to recommend possible alternatives with a view to maintaining in the long run the overall benefit for all developing countries and to avoiding the continuous exclusion of middle-income developing countries from the benefit of the adjustment;

* * *

(i) A proposal to include the following elements and criteria:

(i) Data on gross national product as a first approximation of capacity to pay;

(ii) A constant statistical base period of three years;

(iii) Conversion rates based on market exchange rates, except where that would cause excessive fluctuations and distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates should be employed, taking due account of General Assembly resolution 46/221 B;

(iv) A debt burden adjustment based on actual principal payments;

(v) A low per capita income adjustment with a threshold per capita income limit of the average world per capita income for the statistical base period, and with gradients based on the gross national product share of each eligible country as follows:

a. A gradient of 70 per cent for countries with a gross national product share of less than 1 per cent;

b. A gradient of 40 per cent to countries with a gross national product share of 1 per cent or more but less than 3 per cent;

c. A gradient of 10 per cent to countries with a gross national product share of 3 per cent or more;

(vi) Non-eligibility of the permanent members of the Security Council for a low per capita income adjustment;

(vii) A minimum assessment rate of 0.001 per cent;

(viii) A maximum assessment rate of 25 per cent;

(ix) A maximum assessment rate for the least developed countries of 0.01 per cent;

* * *

(j) A proposal to include the following elements and criteria:

(i) The methodology used in preparing the scale of assessments for 2000, including the phasing out of the scheme of limits in accordance with the provisions of General Assembly resolutions 48/223 B and 52/215 A, except for:

(ii) A maximum assessment rate of 22 per cent, with the points arising from the reduction of the maximum assessment rate from 25 per cent to be distributed only among Member States other than members of the Group of 77 and China;

* * *

(k) A proposal to include the following elements and criteria:

(i) Data on gross national product;

(ii) A statistical base period of three years;

(iii) Conversion rates based on market exchange rates, except where that would cause excessive fluctuations and distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates should be employed, taking due account of General Assembly resolution 46/221 B;

(iv) A debt burden adjustment based on actual principal payments;

(v) A low per capita income adjustment with a threshold per capita income limit of the average world per capita income for the statistical base period, and with gradients based on the gross national product share of each eligible country as follows:

a. A gradient of 80 per cent for countries with a gross national product share of less than 1 per cent;

b. A gradient of 50 per cent for countries with a gross national product share of 1 per cent or more;

(vi) A minimum assessment rate of 0.001 per cent;

(vii) A maximum assessment rate of 22 per cent;

(viii) A maximum assessment rate for the least developed countries of 0.01 per cent;

* * *

(l) A proposal to include the following elements and criteria:

(i) Data on gross national product;

(ii) A statistical base period of three years;

(iii) Conversion rates based on market exchange rates, except where that would cause excessive fluctuations and distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates should be employed, taking due account of General Assembly resolution 46/221 B;

(iv) A low per capita income adjustment with a threshold per capita income limit of the average world per capita income for the statistical base period and a gradient of 70 per cent;

(v) A minimum assessment rate of 2.5 per cent for the permanent members of the Security Council;

(vi) A minimum assessment rate of 0.001 per cent;

(vii) A maximum assessment rate of 22 per cent;

(viii) A maximum assessment rate for the least developed countries of 0.01 per cent;

II

5. *Requests* the Committee on Contributions, in the context of and with a view to improving the current methodology, to examine and report to the General Assembly the consequences of the sharply depressed levels of primary commodity prices in the international markets on commodity-dependent economies, and also the impact on those countries whose economies have the burden of hosting refugees;

6. *Requests* the Committee on Contributions:

(a) To follow up on paragraph 30 of its report and to provide suggestions to the General Assembly at its fifty-fifth session on how to address the combined effects of the loss of the low per capita income adjustment and having to contribute to the adjustment for Member States still below the threshold;

(b) To provide suggestions to the General Assembly at its fifty-fifth session on how to deal with the effect of discontinuities experienced by Member States moving up through the low per capita income and the Member States just above the threshold;

(c) To examine the long-term implications of the present criteria for determining the threshold of the low per capita income adjustment, and to report on possible alternatives to the General Assembly at its fifty-fifth session:

7. *Welcomes* the agreement of the Committee on Contributions to consider more systematic criteria and approaches to deciding when market exchange rates should be replaced for the purposes of preparing the scale of assessments, and looks forward to further reports.